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Committee and Subcommittee Activity

Week Of February 4 - 7, 2002

Agriculture

Ryan Swindell

The **Agriculture Committee** met on Tuesday with one bill to consider. **HB1818** by Chairman Givens was recommended to the Finance Committee with two amendments. The bill, as amended, would increase certain fees to help the Department of Agriculture recover more of its cost for its inspection program. The program's current cost recovery is 10.65%. Under this bill the revised cost recovery would be 40.21%. This bill would generate over \$1.4 million (net) in new revenue.

The **Marketing and Commodities Subcommittee** had no bills on notice and did not meet.

Agriculture Resource and Industry Subcommittee had no bills on notice and did not meet.

Children & Family Affairs

Shannon Romain

The **Children & Family Affairs Committee** met briefly Tuesday afternoon to review the new guidelines for Guardian ad Litem. The meeting coincided perfectly with the Tennessee Supreme Court's unanticipated adoption of the rules early this week.

The subcommittees did not meet this week. The full committee is scheduled to meet next week to hear from child support administrators and advocates from across the state.

Commerce

Chris McGrew

The **House Commerce Committee** met Tuesday with one bill on the calendar, HB 1268 (Wood). It was passed on to Calendar and Rules. The bill allows the Tennessee Real Estate Commission to waive the requirement that every broker keep an escrow or trustee account of deposited funds related to real estate. HB 1268 is scheduled for consideration on Thursday's floor calendar. The **subcommittees** of Commerce did not meet this week.

Conservation & Environment

Greg E. Adkins

Conservation and Environment and its subcommittees did not meet during the week.

Consumer & Employee Affairs

Shannon Romain

The **Consumer and Employee Affairs Committee** and its subcommittees did not meet.

Education

Jessica Peccolo

On Tuesday morning of this week, the **House and Senate Education Committees** held a joint meeting to

hear from U.S. Secretary of Education Rod Paige. Secretary Paige came to Nashville to speak with government and education leaders on the new Elementary and Secondary Education Act (ESEA). Better known as a program titled "No Child Left Behind," this legislation was signed into effect by President Bush on January 8th of this year. After welcoming remarks from Speaker Naifeh, Lt. Governor Wilder, and Speaker Pro Tem DeBerry, Secretary Paige addressed the joint committee to speak about what he considers a landmark bipartisan effort that had even the staunchest of political adversaries standing together in favor of ESEA. The Secretary proudly described "No Child Left Behind" as an important investment that will see a highly profitable return in the form of student achievement and success.

In constructing the ESEA, four pillars or priorities for the legislation were identified. Secretary Paige spoke briefly about each of the following pillars when he addressed the committee.

*** Increase Accountability for Student Performance-**

This pillar includes annual reading and math assessments in grades 3-8 to be designed by the state. Schools will be held accountable for their students' achievements and parents will be given specific information about the progress of their child. Secretary Paige stated that the time for excuses is over. No longer will excuses such as minority cultures, poverty, or single parent homes be accepted. Failing schools will face consequences for continually falling short of standards set up by each state. Those consequences include paying for the transportation of students from their school to a more successful school in that district and providing funds for private tutors for failing students.

*** Increase Local Control and Flexibility-**

Secretary Paige told legislators that the federal government cannot effectively micromanage schools. This legislation lets those closest to the schools and the students decide what is in the best interest for the children. This pillar will involve more flexible federal funding passed down to the local level.

*** Empower Parents with More Options-**

The ESEA recognizes the powerful force that parental involvement can be in the education of children. Parents will be more informed about their child's schools and the progress of each child. Parents will also have more options in regards to the schools that their children will attend. If they live in a district whose school is failing to meet state standards, parents will have the choice to move their child to a better performing school. Specifically, Secretary Paige spoke about charter schools as a possible avenue to excellence in education and a valuable choice for parents to have available to them.

*** Focus on What Works -**

Federal dollars will be spent on programs that have been proven successful. This includes instructional programs, programs designed to improve schools, and programs to enhance teacher quality. Special emphasis will be placed on science and math instruction as those areas become increasingly important in a world that becomes ever more reliant on technology. Secretary Paige stated that schools can no longer operate on averages. Assessments must be broken down to look at minority groups and at-risk students, and finally to examine the progress of each individual student. Only when the needs of each child are met will our schools be truly successful.

Following a brief period of answering questions from committee members, Secretary Paige was escorted to his meeting with members of the press. All bills scheduled for the committee calendar this week were rolled until next week's meeting.

K-12 Subcommittee

The K-12 Subcommittee had three bills on calendar this week. **HB 1012** (DeBerry, J) and **HB 2086** (Turner, M) were both rolled to later meeting dates. Representative Hagood presented **HB 1993**, which would allow school systems to use snow days built into the school calendar if the schools have to dismiss students due to an epidemic or serious disease. An amendment to the bill would also allow

those extra instructional days to be used for dangerous structural or environmental conditions such as the recent flooding event. In all cases, schools must appeal to the Commissioner of Education in order to use snow days for other causes of missed instructional time. HB 1993 was passed to the full Education Committee as amended.

Higher Education Subcommittee

The Higher Education Subcommittee had no bills on calendar and did not meet.

Finance, Ways & Means

Cathy Higgins

Tuesday, Feb. 6th - Potential Revenue Options

The Full Committee met Tuesday to review and discuss potential revenue options. There were no bills before the committee.

All members of the House of Representatives were invited to attend and participate in the meeting. Mr. John Morgan, Comptroller, presented the 19 plans that Senate and House members had expressed interest in knowing more detail and financial impact.

The presentation of the plans showed for consistency and comparability in:

- projected new revenue,
- impact on the elasticity of the General Fund and total revenue,
- cost and time frame to implement, and
- federal savings.

Projected new revenue reflects the changes or rates necessary to generate, at the least, the agreed upon amount of \$1.2 billion.

Federal savings is the net amount that Tennessee taxpayers will save due to Federal deductibility plus the amount collected from out-of-state taxpayers who work in Tennessee.

Elasticity is the relationship between the growth in

the economy and growth in revenues. The closer elasticity is to "1" means that revenues will grow as the economy grows. Less than 1 - revenues are slower than the economy; more than 1 - revenues are growing faster than the economy.

Mr. Morgan explained that the growth in the economy is more inclusive than growth in inflation. Inflation is the change in price from year-to-year. Growth in the economy is much more inclusive than simply inflation and is tied to the growth in the demand for services. In keeping up with the demand for services, more money is needed next year to just keep up with the current services - this addresses inflation. However, what happens more in a government setting is that the "unit" demand for service increases - the number of children enrolling in school increases, more students enroll in higher education, more cases are filed in the Attorney General's office, the Department of Revenue has more taxpayers establish accounts, etc. These increases are interdependent of inflation but more dependent on the economic growth. As everything grows the number of all these transactions and interactions within the economy increases and is a direct correlation to the demand for services in many areas of state government.

Relationship:

Budget Growth / Inflation / Population Growth

Members were also interested in recent articles in *The Tennessean* regarding the State's budget growth in comparison to inflation and population growth. Inflation and population growth do not necessarily reflect reality when the components are broken into parts. For example, inflation discussed above does not take into account the increase in the demand for services. Another example, is the increase in general population. Since 1988, the population in Tennessee has grown approximately 1.5%; however, prison population has grown over 8% since 1988. So while factoring in general population growth does account for some increase in the demand for services, those areas in which government is required to deliver services may experience demand increases totally unrelated to general population growth. Another example -- student population growth is faster than general population growth because of the demographics and

the baby boom echo. Labor costs in many areas of the economy have grown faster than inflation or population growth.

Below is a summary of the plans presented. **For those that want more detail, copies of the handouts are available in the House Finance, Ways and Means Committee Office.**

- **Option 1** broadens the sales tax base to include services, removes exemptions and changes the rates. To clarify, exemptions are the sale of tangible personal property subject to the sales tax and are specifically exempt by statute. Services are not subject to the sales tax unless the service is specifically defined as taxable by statute.
- **Option 2** implements an income tax with elimination of some existing taxes.
- **Option 3** implements a statewide property tax.
- **Option 4** is a combination plan implementing an income tax and changes to the sales tax.
- **Option 5** implements a uniform sales tax and revises the local cap.
- **Option 6** implements a flat income tax and eliminates the sales tax.
- **Option 7** implements a flat income tax, modifies the sales tax to include some services, removes exemptions, and creates a uniform sales tax rate.
- **Option 8** is a combination of increasing various existing taxes.
- **Option 9** increases various taxes, including "sin" taxes.
- **Option 10** implements a payroll tax applicable to "for" and "not-for" profits.

Mr. Morgan also presented the Committee with documentation relative to the State's recent bond sale. Basically, all three rating agencies stated that Tennessee's recent history of under-performing

revenues and continued reliance upon non-recurring revenues has resulted in Tennessee's decline from one of the highest rated states to AA with negative outlook. Failure to address the state's revenue structure will result in further deterioration of the State's debt rating.

Budget Subcommittee - February 6, 2002

Budget Sub had six (6) bills on calendar this week.

- HJR 0125 (Turner - Davidson) passed to full committee. It names a portion of Old Hickory Boulevard in Davidson County in honor of Representative Robb Robinson. It passed with an amendment addressing costs.
- HB 2187 (McDaniel) relative to funding of homeland security and state parks, was rolled one week at the sponsor's request.
- HB 2341 (Bowers) passed to full committee. The bill provides that in the event a city and county create a sports authority, and that authority issues bonds to build an NBA arena, then the revenues deposited from the vehicle rental surcharge would be transferred to the sports authority.

The remaining bills were placed behind the budget due to fiscal costs.

Government Operations

Ryan Swindell

The **Government Operations Committee** met on Wednesday to consider a consent calendar consisting of 21 bills. All the bills dealt with the human resource agencies (HRA's) and community action agencies (CAA's). In December 2001, the full House and Senate Government Operations Committees met jointly for a sunset hearing to

review the HRA's and CAA's. The committee recommended taking the CAA's out of sunset review after reviewing a 1998 opinion by the Attorney General that stated they are considered to be privately organized corporations and would not be subject to Sunset Laws. The recommendation for the HRA's was to extend them for six years. Below is a list of the bills on the consent calendar and the action taken by the committee:

HB 2167 by Kernell – Extends the Delta Human Resource Agency for six years – **Calendar & Rules.**

HB 2169 by Kernell – Extends the East Tennessee Human Resource Agency for six years – **Calendar & Rules.**

HB 2170 by Kernell – Extends the First Tennessee Human Resource Agency for six years – **Calendar & Rules.**

HB 2173 by Kernell – Extends the Mid-Cumberland Human Resource Agency for six years – **Calendar & Rules.**

HB 2177 by Kernell – Extends the Northwest Tennessee Human Resource Agency for six years – **Calendar & Rules.**

HB 2178 by Kernell – Extends the South Central Tennessee Human Resource Agency for six years – **Calendar & Rules.**

HB 2179 by Kernell – Extends the Southeast Tennessee Human Resource Agency for six years – **Calendar & Rules.**

HB 2180 by Kernell – Extends the Southwest Tennessee Human Resource Agency for six years – **Calendar & Rules.**

HB 2181 by Kernell – Extends the Upper Cumberland Human Resource Agency for six years – **Calendar & Rules.**

HB 2162 by Kernell – Removes Anderson County Community Action Commission from sunset provisions – **Calendar & Rules.**

HB 2163 by Kernell – Removes Blount County Community Action Agency from sunset provisions – **Calendar & Rules.**

HB 2164 by Kernell – Removes Bradley-Cleveland Community Service Agency from sunset provisions – **Calendar & Rules.**

HB 2165 by Kernell – Removes Clarksville-Montgomery County Community Action Agency from sunset provisions – **Calendar & Rules.**

HB 2166 by Kernell – Removes Cordell Hull Economic Opportunity Corporation from sunset provisions – **Calendar & Rules.**

HB 2168 by Kernell – Removes Douglas-Cherokee Economic Authority from sunset provisions – **Calendar & Rules.**

HB 2171 by Kernell – Removes Highland Rim Economic Corporation from sunset provisions – **Calendar & Rules.**

HB 2172 by Kernell – Removes Mid-Cumberland Community Action Agency from sunset provisions – **Calendar & Rules.**

HB 2174 by Kernell – Removes Mid-East Community Action Agency from sunset provisions – **Calendar & Rules.**

HB 2176 by Kernell – Removes Northwest Tennessee Economic Council from sunset provisions – **Calendar & Rules.**

HB 2182 by Kernell – Removes Upper East Tennessee Human Development Agency from sunset provisions – **Calendar & Rules.**

HB 2175 by Kernell – Extends the Mountain Valley Economic Opportunity Authority for six years – Amended to take out of sunset provisions – **Calendar & Rules.**

Health & Human Resources

Judy Narramore

The **Health & Human Resources Committee** had no bills on notice this week and did not meet.

The **Health Access Subcommittee** met on Wednesday with guest speakers on the agenda to give testimony on Tennessee's long-term care ombudsman program. Presenters included representatives from the Commission on Aging, Tennessee Ombudsman Program, Comptroller's Office, and advocacy groups.

The **Human Services and Mental Health Subcommittee** and **Health Subcommittee** did not have bills on notice and did not meet.

Judiciary

Paige Edwards

On Tuesday, the **Civil Procedure & Practice Subcommittee** met to consider 11 bills. Seven bills were taken off notice, including HB 471 by Representative Maddox, HB 1077 by Representative West, HB 1100 by Representative West, HB 1440 by Representative Newton, HB 338 by Representative Buck, HB 341 by Representative Buck, and HB 2082 by Representative Turner. HB 1904 by Representative Newton and HB 1001 by Representative Bowers were rolled for two weeks. HB 2159 by Representative Buck was rolled for one week.

HB 2157 by Representative Buck was sent to the full committee. HB 2157 deletes the statute that incorporates the rules of chancery court into the code. The intent of this bill is to provide consistency with the present rules of civil and criminal procedure.

On Wednesday, the **Judicial Administration Subcommittee** met to consider four bills. HB 1638 by Representative Bowers was rolled for four weeks. HB 1883 by Representative Towns was rolled for two weeks.

HB 2158 by Representative Buck was sent to the full committee. HB 2158 sets up a procedure for individuals who wish to become credentialed court interpreters for spoken foreign languages. Under this bill, an individual would have to submit a fingerprint sample for TBI to conduct a criminal history background check. The sheriff or any other law enforcement agency could assess a fee of up to \$10.00 in addition to the present fees for criminal background checks. If this bill is enacted, this procedure will be supplemental to any court rules that are implemented.

Also, HB 2160 by Representative Buck was sent to the full committee. HB 2160, as amended, authorizes TBI to share expungement orders with the Administrative Office of the Courts.

On Wednesday, the full **Judiciary Committee** met to consider nine bills. HB 1884 by Representative Towns, HB 1876 by Representative Towns, and HB 1639 by Representative Sargent were rolled for two weeks. HB 361 by Representative Buck was rolled for one week. HB 336 by Representative Buck was taken off notice. HB 261 by Representative Beavers failed for lack of a second motion to be heard in committee.

HB 2109 by Representative Davidson and HB 2055 by Representative Windle were sent to **Calendar & Rules**. HB 2109 codifies the public acts of 2001. HB 2055 provides an enabling statute for Public Chapter 175 (2001) which authorizes vested correctional officers to carry firearms at all times. HB 2055 enables the Secretary of State to issue identification cards to vested correctional officers.

HB 896 by Representative Buck was sent to **Finance, Ways, & Means**. HB 896, as amended, would provide incentives for judges to participate in the senior justice program. In effect, increased participation in the senior justice program would be cost efficient and would provide assistance for courts with heavy caseloads. The senior justice program was established in 1990 for judges who are at retirement age and who want to continue to provide judicial services in a limited capacity.

State & Local Government

Lawrence Hall, Jr.

This week in **State and Local Government's** full committee, HB 277 was reconsidered after being re-referred to the full committee from the floor last week. This bill now contains an amendment that rewrites the bill to allow state legislative members that seek election to a local government position to conduct fundraisers during legislative session. These fundraisers are to be conducted only in the county of position being sought. The candidate is further prohibited from accepting contributions from lobbyist or the employer of any lobbyist. Any other legislative member who wishes to participate in the campaign is prohibited from accepting or soliciting contributions on the candidate's behalf.

State Government Subcommittee passed HB 2108 by Rep. Whitson. This bill names the National Guard Armory in Erwin, Tennessee the "Erwin Nine."

All bills in **Local Government Subcommittee** were rolled to a later calendar. **Elections Subcommittee** did not meet this week.

Transportation

Greg E. Adkins

The Full **Transportation Committee** did not meet the week of February 4, 2002.

The **Rural Roads Subcommittee** was cancelled.

The **Transportation and Safety Planning Subcommittee** was cancelled on Wednesday February 6, 2002. HB 1985 by Rep. Bittle was taken off notice. The bill authorized the Department of Safety to transfer information contained on Tennessee license applications to the federal selective service system. The program wouldn't be initiated until the department had the computer capability to administer the program. HB 2029 by Rep. Rowland was taken off notice. The bill would reverse last year's bill that provided the opportunity to have a Social Security number to get a driver's license. HB 2029 makes it mandatory to

have a Social Security number to get a driver's license. The bill also requires non-English speaking people to bring their own interpreter in order to get a license.

The **Public Transportation and Highways Subcommittee** met on Tuesday, February 5th, and passed HB 2191 by Rep. Cole (Carter). The bill created the "Blanche Ward Berry Bridge" sign on S.R. 91 in Carter County. The sign is subject to local funding.

The Research Review is a weekly summary of committee activity in the House of Representatives. For additional information, contact the House Research Division at 741-3025.